

Message Text

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PAGE 01 ASUNCI 03168 01 OF 02 311258Z

47

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC 7984

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY MONTEVIDEO

USCINCSOUTH

C O N F I D E N T I A L SECTION 1 OF 2 ASUNCION 3168

E.O. 11652: XGDS-1

TAGS: PFOR, PAJH AR

SUBJ: VISIT OF ARGENTINE FOREIGN MINISTER

SUMMARY: ARGENTINE FOREIGN MINISTER GUZZETTI VISITED PARAGUAY JULY 26-28. A NUMBER OF MINOR AGREEMENTS WERE SIGNED AND CONCESSIONS GRANTED TO PARAGUAY IN AN APPARENT EFFORT BY ARGENTINA TO SET THE STAGE FOR AN IMPROVED RELATIONSHIP. HOWEVER, IN THE LIGHT OF WHAT IS VIEWED HERE AS A HISTORY OF NEGLECT AND HARASSMENT, THE GOP REMAINS SKEPTICAL OF ARGENTINA'S GOOD INTENTIONS DESPITE THE FAVORABLE IMPRESSION MADE BY GUZZETTI HIMSELF. ON BALANCE, EMBASSY CONSIDERS VISIT HAD POSITIVE RESULT FOR ARGENTINA IN THAT IT REKINDLED LATENT FEELINGS OF GOOD WILL BASED ON CLOSE HISTORICAL AND CULTURAL TIES AND FORMER INFLUENCE HERE. WHETHER THIS CAN BE SUSTAINED DEPENDS LARGELY ON ARGENTINA'S WILLINGNESS AND CAPACITY TO FOLLOW UP. END SUMMARY.

1. ARGENTINE FOREIGN MINISTER REAR ADMIRAL CESAR AUGUSTO GUZZETTI MADE A VISIT TO PARAGUAY JULY 26-28.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ASUNCI 03168 01 OF 02 311258Z

DURING THE VISIT HE MET WITH PRESIDENT STROESSNER,

FOREIGN MINISTER NOGUES AND OTHER TOP RANKING GOP OFFICIALS. HE TOOK PART IN THE USUAL ROUND OF CEREMONIES, AND RECEIVED HIGH PARAGUAYAN DECORATION. ON HIS ARRIVAL, FOREIGN MINISTER GUZETTI EXPRESSED HIS GOVERNMENT'S DESIRE TO STRENGTHEN FRIENDSHIP AND COOPERATION WITH PARAGUAY, ABLHEME WHICH HE VOICED REPEATEDLY IN PUBLIC DURING HIS STAY. GUZETTI, WHO ALWAYS APPEARED IN HIS NAVY UNIFORM, DESCRIBED HIS VISIT AS "THE FIRST STAGE IN A GREAT ARGENTINE-PARAGUAYAN UNDERSTANDING."

2. A NUMBER OF MINOR AGREEMENTS WERE SIGNED AND CONCESSIONS GRANTED BY ARGENTINA IN CONNECTION WITH THE VISIT. IN A MOVE DESIGNED TO PLEASE LOCAL CONSUMERS, THE ARGENTINE EMBASSY JUST BEFORE GUZETTI'S ARRIVAL ANNOUNCED THAT CONTROLS OF BORDER TRAFFIC BETWEEN ASUNCION AND THE ARGENTINE BORDER TOWN OF CLORINDA WOULD BE LIBERALIZED SO THAT INDIVIDUAL PARAGUAYANS WOULD HENCEFORTH BE ABLE TO BRING OUT BASIC CONSUMER PRODUCTS IN SUCH AMOUNTS AS WOULD BE REASONABLE FOR PERSONAL USE. THEY ALSO ANNOUNCED ARGENTINA'S INTENTION TO CONSTRUCT A BRIDGE ACROSS THE PARANA RIVER IN THE POSADAS-ENCARNACION AREA AND TO MAKE A GIFT TO PARAGUAY OF 15,000 TONS OF WHEAT. A NUMBER OF PROTOCOLS WERE SIGNED RELATING TO THE PROPOSED BINATIONAL YACYRETA HYDROELECTRIC PROJECT IN AN APPARENT EFFORT BY ARGENTINA TO GIVE NEW IMPETUS TO THE PROJECT.

3. THE IMPORTANT QUESTION OF THE TREATMENT OF PARAGUAYAN COMMERCE TRANSITING ARGENTINA WAS ADDRESSED DURING THE VISIT. THIS IS ONE OF THE MOST TROUBLESOME BILATERAL ISSUES FROM PARAGUAY'S VIEWPOINT. DELAYS, CHANGING CUSTOMS REGULATIONS, PORT AND OTHER CHARGES REGARDED HERE AS EXCESSIVE, ETC., ARE AN ALMOST CONSTANT SOURCE OF IRRITATION. ADMIRAL GUZETTI RECEIVED DELEGATIONS FROM THE TWO LEADING PARAGUAYAN INDUSTRIAL AND COMMERCIAL ORGANIZATIONS, WHO PRESENTED VARIOUS PROPOSALS TO HIM FOR IMPROVING THE PRESENT SYSTEM FOR CLEARING SHIPMENTS TO ECD FROM PARAGUAY THROUGH ARGENTINA. HIGH DUTIES AND ADMINISTRATIVE OBSTACLES PLACED ON PARAGUAYAN EXPORTS TO ARGENTINA WERE ALSO DISCUSSED. THE ARGENTINE FOREIGN MINISTER PROMISED COOPERATION AND CALLED FOR FURTHER NEGOTIATIONS ON THE POINTS RAISED.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ASUNCI 03168 01 OF 02 311258Z

4. THE DIRECTOR OF INTERNATIONAL ORGANIZATIONS AND TREATIES AT THE MINISTRY OF FOREIGN AFFAIRS TOLD EMBOFF THAT WHILE ADMIRAL GUZETTI PERSONALLY MADE A FAVORABLE IMPRESSION AND APPEARED SICCERE IN HIS DESIRE TO BE HELPFUL IN RESOLVING MAJOR OUTSTANDING BILATERAL ISSUE, INCLUDING THOSE RELATING TO RIVER COMMERCE AND BORDER PROBLEMS, THE GOP REMAINED SKEPTICAL OF ARGENTINA'S GOOD INTENTIONS. OWING TO WHAT

HE VIEWED AS A LONG HISTORY OF NEGLECT AND HARASSMENT OF PARAGUAY, THIS OFFICIAL FELT THAT ARGENTINE PROMISES WOULD HAVE TO BE FOLLOWED UP BY POSITIVE ACTION BEFORE A NEW POLICY OF FRIENDSHIP TOWARDS PARAGUAY COULD BE ACCEPTED HERE AS GENUINE.

5. THE POLITICAL COUNSELOR OF ARGENTINE EMBASSY TOLD EMBOFF THAT ARGENTINES CONSIDERED THE VISIT HIGHLY SUCCESSFUL. HE SAID IT WAS PART OF A NEW ARGENTINE EMPHASIS ON IMPROVING RELATIONS WITH NEIGHBORING COUNTRIES, WHICH HAD BEEN ALLOWED TO DETERIORATE BADLY OVER THE PAST DECADE. IN THE CASE OF PARAGUAY, HE FELT THERE HAD ALWAYS EXISTED LATENT GOOD WILL TOWARDS ARGENTINA, AND THAT THE LATTER ONLY NEEDED TO SHOW SOME INTEREST IN PARAGUAY TO BRING IT OUT. HE THOUGHT THE MAIN SIGNIFICANCE OF THE GUZZETTI VISIT WAS THAT IT HAD ACCOMPLISHED THIS.
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PAGE 01 ASUNCI 03168 02 OF 02 311300Z

47

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C O N F I D E N T I A L SECTION 2 OF 2 ASUNCION 3168

6. IN THE FIELD OF SECURITY, THE ARGENTINE OFFICIAL SAID THERE HAD BEEN CONSIDERABLE DISCUSSION OF NEW WAYS OF COLLABORATING. IN GENERAL HE THOUGHT BOTH SIDES

WERE DISSATISFIED WITH THE PAST LEVEL OF COOPERATION. IT WAS AGREED THAT SUSPICIOUS NATIONALS OF ONE COUNTRY DETAINED IN THE OTHER WOULD BE EXCHANGED AUTOMATICALLY. ALSO, A NEW SYSTEM OF DIRECT INTELLIGENCE EXCHANGE BETWEEN SECURITY FORCES IN THE BORDER AREAS HAD BEEN SET UP TO TAKE THE PLACE OF THE PREVIOUS CUMBERSOME SYSTEM OF HAVING TO GO THROUGH BUENOS AIRES. HE SAID AT PARAGUAY'S REQUEST ARGENTINA HAD AGREED TO REMOVE CERTAIN PARAGUAYAN EXILES REGARDED AS DANGEROUS BY THE GOP FROM ORDER TOWNS TO THE INTERIOR OF THE COUNTRY. IN SOME CASES THIS HAS ALREADY BEEN DONE. FOR EXAMPLE, THE NOTORIOUS PARAGUAYAN MOPOCO EXILE LEADER, DR. AUGUSTIN GOIBURU, FORMERLY OF POSADAS, IS NOW RELOCATED IN ROSARIO. HE SAID PARAGUAY HAD REQUESTED ARGENTINE ASSISTANCE IN IMPROVING THEIR INTELLIGENCE COLLECTION AND EVALUATION CAPABILITY WHICH HE THOUGHT WOULD BE FORTHCOMING.

7. BRAZILIAN EMBASSY POLITICAL COUNSELOR TOLD EMBASSY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ASUNCI 03168 02 OF 02 311300Z

OFFICER THAT THE MOST IMPORTANT ASPECT OF THE VISIT FROM THE BRAZILIAN POINT OF VIEW WAS THAT PARAGUAY HAD NOT GIVEN ITS FINAL APPROVAL TO THE CORPUS HYDROELECTRIC PROJECT. HE SAID THAT GUZETTI HAD PRESSED NOGUES TO AGREE IN ADVANCE TO THE PROJECT, WITH THE DETAILED PLANS TO BE DEVELOPED LATER. THE BRAZILIAN SAID THE GOP TOOK THE POSITION THAT THEY COULD NOT GIVE FINAL APPROVAL UNTIL THEY KNEW THE DETAILS OF THE PROJECT.

8. COMMENT: THE FIRST HIGH LEVEL CONTACT WITH THE ARGENTINE MILITARY REGIME WAS AWAITED WITH MUCH ANTICIPATION IN ASUNCION. ON BALANCE, WE CONSIDER THE RESULTS POSITIVE, NOT SO MUCH FOR THE AGREEMENTS THAT WERE REACHED, BUT MORE FOR THE PSYCHOLOGICAL IMPACT. ADMIRAL GUZETTI'S FRIENDLY AND FORTHCOMING APPROACH APPARENTLY SUCCEEDED IN AROUSING LATENT GOOD WILL IN PARAGUAY TOWARDS ARGENTINA AND HAS SET THE STAGE FOR FURTHER PROGRESS IN BILATERAL RELATIONS. AFTER YEARS OF NEGLECT BY A SUCCESSION OF ARGENTINE REGIMES, RELATIONS WITH PARAGUAY HAD BEEN ALLOWED TO DETERIORATE AS PARAGUAY WAS DRAWN MORE CLOSELY INTO THE ORBIT OF BRAZIL. WHILE THIS MADE SENSE IN ECONOMIC TERMS, BECAUSE OF BRAZIL'S DYNAMIC GROWTH AND THE NEED TO COOPERATE ON THE MAMMOTH ITAIPU HYDROELECTRIC PROJECT, THE PRO-BRAZIL POLICY OF THE STROESSNER GOVERNMENT HAS NEVER BEEN VERY POPULAR. NOW AS A RESULT OF THE CHANGE OF DIRECTION IN ARGENTINA AND THE FRIENDLY, COOPERATIVE ATTITUDE OF REAR ADMIRAL GUZETTI, ARGENTINA MAY HAVE GAINED SOME MOMENTUM TOWARDS ASSUMING ITS TRADITIONAL ROLE IN PARAGUAY AS A COUNTERBALANCE TO BRAZIL. WHETHER THIS MOMENTUM CAN BE SUSTAINED DEPENDS MAINLY ON ARGENTINA'S WILLINGNESS AND CAPACITY TO FOLLOW UP.

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A NUMBER OF MINOR AGREEMENTS WERE SIGN
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